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ABSTRACT

From 1991-93, 2,147 dislocated workers from timber-impacted counties of Washington state received Timber Retraining Benefits (TRB), with 81% using the aid to attend a state community or technical college. To determine the impact of the TRB program on the dislocated workers and their timber communities, the Washington State Board for Community and Technical Colleges conducted a study of TRB students' vocational outcomes from the 1991-93 period. Study findings included the following: (1) the employment rate at the end of the period for all TRB students completing training was 79%, compared to 84% for those who completed vocational programs; (2) employed former TRB students recovered 87% of their former wage level; (3) employed graduates earned a median entry-level wage of $10.85 per hour; (4) 7 to 9 months after graduating or leaving college, TRB students had an unemployment rate of 9%, compared to 11% for other residents of timber-impacted counties; (5) 85% were satisfied with their training program; (6) TRB students had a higher graduation rate than other students in timber-impacted counties; (7) the multiplier effect of TRB funds on timber communities resulted in $64 million in economic activity in the private sector; and (8) 55% of TRB students who received training in occupational areas remained in their community following program completion. (A list of TRB funds paid to 42 job service centers is appended. Contains one table and seven graphs.) (KP)

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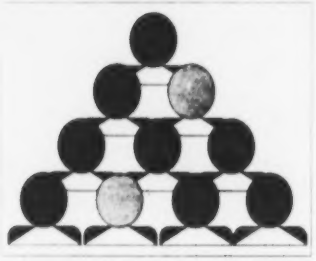

Research Report
No. 95-3

Washington State Board for Community and Technical Colleges; Education Division

OUTCOMES AND IMPACTS FROM THE FIRST TWO YEARS OF THE TIMBER RETRAINING BENEFITS (TRB) PROGRAM

August 1995

Under the 1991 Omnibus Timber (ESSB 5555) legislation, 2,147 dislocated workers from timber-impacted counties participated in formal training programs during 1991 to 1993. These students received Timber Retraining Benefits (TRB) from the unemployment insurance (UI) Trust Fund for extended unemployment. Most of these TRB students (81 percent) enrolled in community and technical colleges. Some enrolled for two years of training while others participated in TRB benefits for a much shorter period. This report describes the outcomes and impacts of the TRB benefits for the dislocated worker and for their timber communities.

Findings related to the impact on **individuals** who enrolled in community and technical colleges under TRB include:

- TRB students completing community and technical college training obtained an employment rate of 79 percent. The employment rate was highest (84 percent) for those who graduated from vocational training programs.

- Employed former TRB students recovered 87 percent of their former wage level. Employed graduates earned an entry-level wage of $10.85 per hour (median wage). Non-graduates earned lower entry-level wages.

- After training, job preparatory students had a lower unemployment rate than others living in timber-impacted counties. Seven to nine months after graduating or leaving college, community and technical college job preparatory TRB students had an unemployment rate of 9 percent. That compares to an 11 percent unemployment rate for timber-impacted counties in the same period.

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- The vast majority (85 percent) of job preparatory TRB students reported satisfaction that their program met their training needs well.

- TRB students had a higher graduation rate than other job preparatory students in timber-impacted counties. More than half of the TRB beneficiaries enrolled in job preparatory training completed a vocational degree or certificate (58 percent). Another 23 percent left with substantial training of a year or more in their new field.

Findings related to the impact on **timber communities** are:

- The multiplier effect of TRB benefits on timber communities resulted in $64 million in economic activity in the private sector. Much of that activity would not have existed without the benefits.

- Most TRB students remained in their community following their training in occupational areas with high growth potential.

- The majority of TRB students enrolled in professional and technical occupations such as accounting, civil engineering technician and data processing; and mechanics and repairs such as auto mechanics, electronics technology, heating and air-conditioning mechanics and welding.

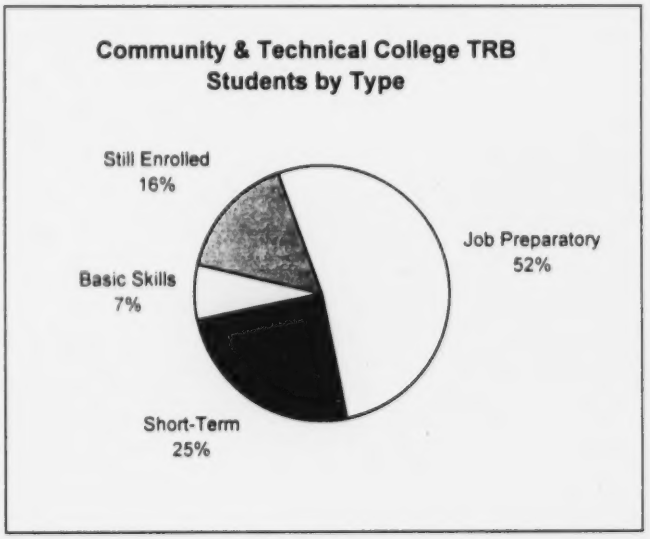
General Outcomes for All TRB Beneficiaries

The Employment Security Department (ESD) and the State Board for Community and Technical Colleges (SBCTC) have examined the outcomes of training for the 81 percent of TRB beneficiaries enrolled at community or technical colleges. Limited data are available for the approximately 19 percent of beneficiaries enrolled at proprietary schools and four-year institutions. The available data suggest that outcomes for that 19 percent are very similar to the data presented here for the job preparatory students at community and technical colleges.

ESD and SBCTC staff used data from the unemployment insurance system, the JTPA follow-up, and community and technical college records for this analysis.

Students By Training Type

Dislocated workers come to the colleges with different training needs. Most have identified the need to train for a new occupation -- **job preparatory students**. The most common occupational areas of study were professional and technical occupations such as accounting, civil engineering technician and data processing; and mechanics and repairs such as auto mechanics, electronics technology, heating and air-conditioning mechanics and welding.



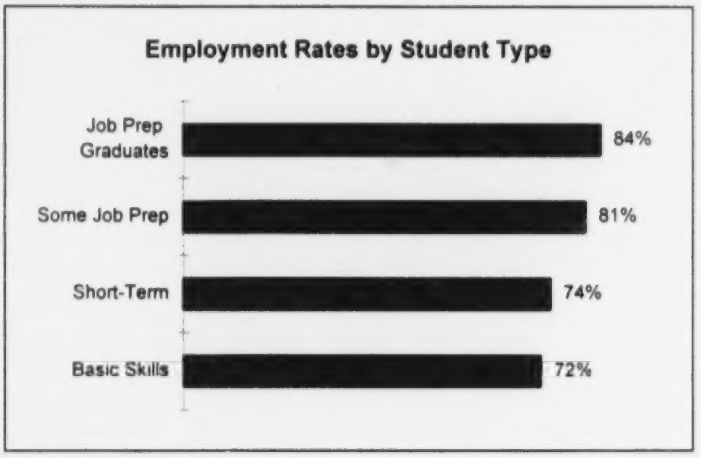
It is common to think of TRB beneficiaries as being on unemployment insurance for a full two years. However, 25 percent of the TRB students enrolled in college on a **short-term** basis, typically for a quarter or two of study. Their goal was to evaluate career possibilities or to brush up on skills such as word-processing.

Some 7 percent of the TRB students enrolled for the purpose of improving their **basic skills**. This goal is not surprising given that 15 percent of the TRB beneficiary group did not have a high school diploma when they started at the college.

About 16 percent of the TRB beneficiaries who started college in 1991-92 or 1992-93 were **still enrolled** in the fall of 1994. Data on their outcomes will be provided in future reports.

Employment Outcomes

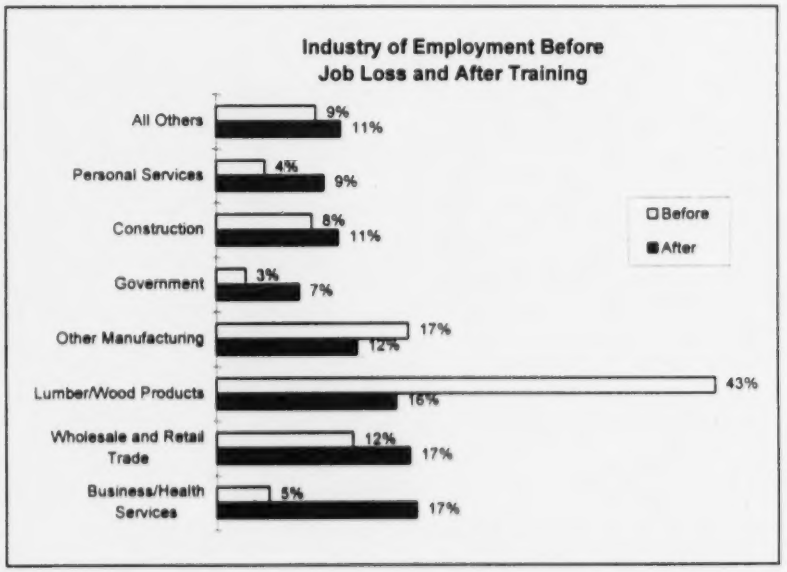
Staff calculate a 79 percent employment rate for TRB students seven to nine months after completing training. Those who graduated from community and technical college programs had a higher employment rate. As has been found in other studies, those who enrolled for basic skills only and those who enrolled for a short time had lower employment rates than graduates. Staff based these employment rates on the results of linking the unemployment insurance system files with college records. These rates represent a snapshot of a single point in time. Future reports will describe the job retention rates over two and three years in addition to immediate employment.



Data from the SBCTC vocational follow-up system allows the estimate of an unemployment rate for the job preparatory TRB students. Nine percent were unemployed and seeking work at the seven to nine month follow-up compared to a 10.6 percent unemployment rate in timber impacted counties for the comparable period. Seven percent were no longer in the labor force (full-time homemakers, retired or discouraged workers). College training not only provided an avenue for dislocated workers to return to work, but it reduced the chance of unemployment for dislocated timber workers.

Type of Employment

The TRB students lost their jobs due to restructuring in the economies of the timber communities. While the lumber and wood products industries are on the decline, timber counties need trained workers in the new industries. Employment growth was seen in all but two of the timber-impacted counties. Excluding the more urban Snohomish county, the timber-impacted counties reported 15,000 new jobs in the period under study. Thus timber communities had a demand for the trained workers from the TRB program.



A comparison of industries of employment before and after training shows that training resulted in a move to these new industries. TRB students were especially likely to move to the business, health and social services industries. Note that fewer than half the TRB students had worked in lumber and wood products industries before their job loss. Some 16 percent returned to employment in that industry. Most TRB students had lost jobs in other industries such as other manufacturing, trucking and sales that suffered from the secondary impact of the losses in the lumber and wood sector. Graduates were less likely than leavers to return to the lumber and wood products sector (11 percent) and more likely to be employed in business, health and social services (21 percent).

Wage Recovery

Analysis of the JTPA self-reported pre- and post wage data shows an 87 percent wage recovery for those who returned to employment 13 weeks after termination. Researchers consider that level of wage recovery positive given the generally high wages earned by those who worked in the lumber and word products sector. Indeed, those who had the highest wages before their job loss had a lower recovery rate than average -- 81 percent. In another study, SBCTC found the median wages of dislocated workers from the lumber and wood products sector was $13.80 an hour. The typical entry level wage for a community and technical college graduate is $10 an hour.

The standard vocational follow-up conducted by the SBCTC provides detailed hourly wage data for the job preparatory TRB students compared to all job preparatory students. SBCTC designed this tracking mechanism to provide comprehensive outcomes data for accountability and program improvement purposes. Data are based on a link between the wage records in the unemployment insurance system and college records. Resulting data allows comparison of hourly wage rates by type of program and employment.

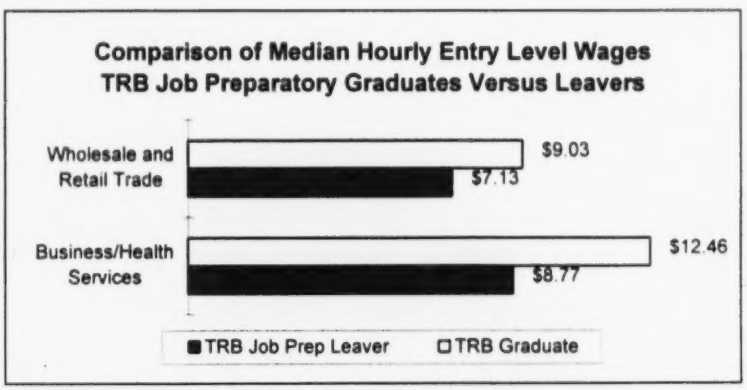
The TRB graduates entry-level hourly wage rate was higher than for other graduates of job preparatory training at timber impacted colleges. This difference is likely due to work experience differences. TRB beneficiaries were older (35 versus 28 years of age) than other job preparatory students. They bring more years of work experience to the job market and thus gain higher wages.

Table I
Hourly Wage of Job Preparatory Graduates and Leavers
Median Hourly Wage
(1st Quarter 1994)

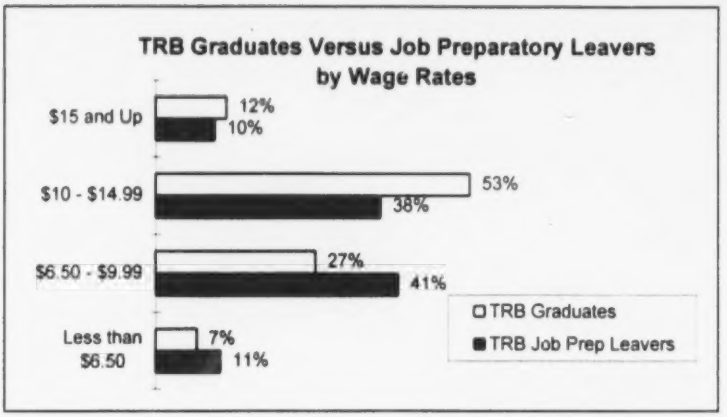
	Moved to New Industry	Returned to Lumber/Wood Products
Non TRB Job Prep Graduates from Timber-Impacted Counties	$ 9.37	Not applicable
TRB Graduates	$10.64	$12.09 (13% of employed graduates)
TRB Leavers	$ 9.01	$12.18 (16% of employed leavers)

As can be seen in Table I, TRB graduates who moved to a new industry enjoy a substantially higher entry level wage than TRB students who leave job preparatory training before graduation. The pattern in Table I is typical of community and technical college graduates compared to those who leave vocational training before completion of the program.

Graduates and non-graduates work in the same communities and in the same industries. The difference in entry-level wage is due to the ability of graduates to compete for the higher paying entry-level job. These differences are most notable in sales (wholesale and retail trade) and in business and health services. TRB graduates earned at least 25 percent more than non-graduates in these industries.



Another way to look at the wages is by the percentage of students employed at each wage level. More graduates were in the wage groups above $10 an hour. A higher percentage of leavers earned wages below the $10 an hour category.



Benefits

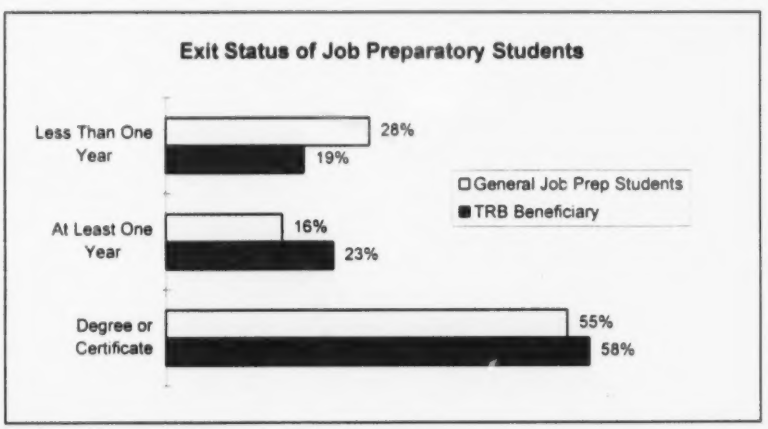
The majority of former TRB students who gained employment following their training gained employment covered by employer paid or partially paid health insurance. Considering those who responded to the JTPA follow-up survey, 61 percent had health care associated with the employment. A minority of survey respondents reported that they had a retirement plan at work and that they accrued paid sick leave (38 percent and 34 percent had these benefits at the 13 week survey). This circumstance may represent a temporary situation given that the respondents were new to their workplace and not yet eligible for these benefits. No data are available on the nature of benefits before job loss, however the ESHB 1988 accountability study plan is gathering such data for dislocated workers as of 1994.

Customer Satisfaction

The vast majority of students reported being satisfied with the retraining based on their responses on the JTPA follow-up survey. Among job preparatory students, 85 percent reported that the program met their needs well (50 percent "very well," 35 percent "pretty well," 10 percent "fair" and 5 percent "poor").

Program Completion

As has been shown in this analysis, completing a degree or certificate is a benefit to dislocated workers compared to completing only some training. More than half (58 percent) of the TRB beneficiaries who enrolled in job preparatory training completed a vocational degree or certificate before leaving the college. Some left after taking a few courses or a year or more of courses but without completing the requirements for a degree or certificate program. Compared to other job preparatory students at the colleges in timber-impacted counties, the TRB students had a higher degree or certificate completion rate.



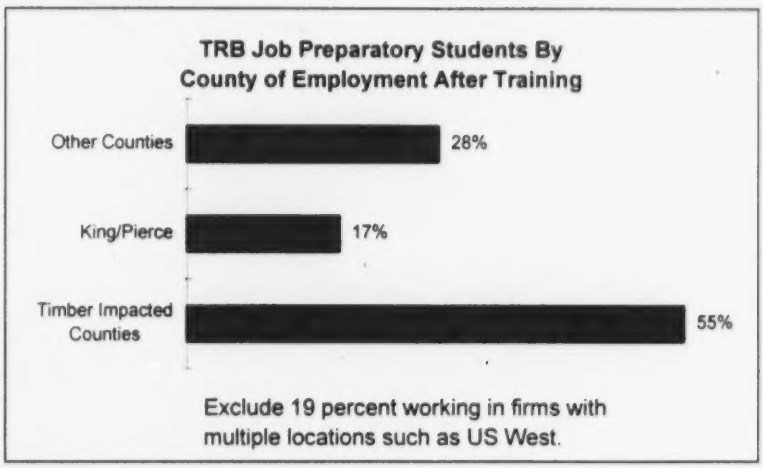
In other research (**ESHB 1988 Workforce Employment and Training Act, First Accountability Report for Training Programs**, December 1994), SBCTC found that dislocated workers were highly dependent upon their unemployment benefits to fund daily expenses while participating in retraining. It is likely that the extended unemployment benefits for TRB students led to improved graduation rate.

Impact on Timber Communities

TRB impacted timber communities in two ways. First, training diversified the skill level of the communities. Second, due to the multiplier effect, more money was available in the private sector than would otherwise have been available.

County of Employment

Over the past three years there has been a growth of 15,000 jobs in the rural timber communities and 15,600 in Snohomish county. There was job growth in all but two of the timber counties. Given this job growth in timber impacted counties, individuals trained for the job market can typically find employment without leaving their home community. In fact, most TRB job preparatory students (55 percent) found their new employment in their home community. Some chose or had to leave their communities to gain employment. Keeping these workers, with an average salary of $10 an hour, in the community has a positive impact.



Income Replacement Effect of TRB

One benefit of the TRB program was the training gained by those who attended college and became re-employed in their community. TRB benefits also had a direct impact on communities in that funds were available for rent and living expenses that otherwise would not have been available during the retraining period. Considering the 1.5 multiplier for cash TRB benefits, the $42.7 million UI trust fund expenditures resulted in $64 million in private sector economic activities in the timber-impacted communities.

Starting with fiscal year 1992 through fiscal year 1994, the UI trust fund provided a total of $42.7 million in TRB benefits to dislocated lumber workers or unemployed workers in timber impact areas. This dollar amount only represents the cash payments; other benefits, such as tuition waivers at state community colleges or vocational schools were also available. This discussion, however, will only relate to the income effect of the cash payment.

Economists regard benefits such as these as **transfer payments**, just as unemployment insurance is a transfer payment. In other terms, these benefits are part of the **income-maintenance** safety net. Dislocated workers use these moneys to help maintain some level of income. TRB benefits are qualitatively different from regular unemployment insurance benefits, however in that workers who became unemployed from the lumber and wood products sector since 1988 were unlikely to be re-employed in that industry. And through the use of these benefits, unemployed timber workers could begin training in a different field.

While economists classify these moneys as income maintenance, they do not come close to replacing the wages normally earned in the lumber and wood products sector. In 1993, the average covered wage for lumber and wood workers was $29,319. Since 1988, the total wages lost as a result of the lumber industry layoffs has been on the order of $380 million.

Nonetheless, TRB, like all such income maintenance expenditures, does have a modest multiplicative impact. Invariably, as students spend these funds in their community, these funds **turn over** to some degree to reach their cumulative influence. But by no means is this turn over as vigorous as with normal wages. There is no discretionary component to this kind of subsistence-level spending; no purchases of high-priced durable goods or big-ticket items, no amusement or entertainment expenditures, no eating out, and so forth.

The ESD estimates the income multiplier of regular lumber and wood products wages at 2.48; an additional $1.48 of activity is generated for each wage dollar spent. In contrast, the cash TRB benefits are more likely to have a multiplier of 1.5; an additional $.50 of activity generated with the spending of each dollar of benefits. This should be contrasted, still, with **direct or non-cash** benefits. Non-cash benefits would have a multiplier of zero since there would be no transaction effect, that is, no exchange of money within the private sector. Appendix A shows TRB benefits and the multiplier by Job Service Center.

Summary

The support of training for dislocated timber workers through the TRB program has resulted in benefits for the individual and for the community. The many dislocated workers who have participated in the program have testified to the personal benefits of the program. This report has shown that these individual stories are mirrored in the analysis of data on outcomes and impacts of the program.

Future reports will look at the outcomes for students who had not yet completed training and for those in the third and subsequent years of TRB. Future reports will also examine the issue of job retention for TRB students.

Appendix A

TIMBER RETRAINING BENEFITS
FROM JULY 1991 THROUGH DECEMBER 1994
BY JOB SERVICE CENTER

	Benefits Paid	Total Impact
Auburn	$602,074	$903,111
Renton	$537,146	$805,719
Lynnwood	$1,554,611	$2,331,917
No. Seattle	$404,590	$606,885
Rainier	$214,431	$321,647
Everett	$4,479,464	$6,719,196
Bellevue	$807,820	$1,211,730
Tuckwila-Boeing	$538,325	$807,488
Everett-Boeing	$3,115,O86	$4,672,629
Renton-Grady	$340	$510
Tacoma	$294,684	$442,026
Lakewood	$430,581	$645,872
Bellingham	$871,656	$1,307,484
Bremerton	$439,906	$659,859
Mt. Vernon	$2,343,805	$3,515,708
Port Angeles	$2,096,059	$3,144,O89
Port Townsend	$167,986	$251,979
Forks	$815,053	$1,222,580
Olympia	$2,168,483	$3,252,725
Lewis Co.	$1,935,173	$2,902,760
Morton	$536,411	$8O4,617
Aberdeen	$6,279,035	$9,4l8,553
Raymond	$331,369	$497,054
Cowlitz	$2,635,528	$3,953,292
Vancouver	$858,240	$1,287,360
Columbia Gorge	$1,283,325	$1,924,988
Spokane	$509,887	$764,831
Pullman	$59,433	$89,150
Clarkston	$28,495	$42,743
Colville	$753,934	$1,130,901
Newport	$124,543	$186,8l5
Republic	$64,445	$96,668
Moses Lake	$5,946	$8,919
Okanogan	$333,752	$500,628
Wenatchee	$837,400	$1,256,100
Ellensburg	$244,642	$366,963
Yakima	$2,466,066	$3,699,099
Sunnyside	$289,985	$434,978
Tri-Cities	$35,512	$53,268
Walla Walla	$118,721	$178,082
Shared Work	$60,178	$90,267
Interstate	$1,054,230	$1,581,345
Statewide	$42,728,350	$64,092,525

Source: Employment Security Department